

A. P. GIANNINI
FOUNDER · 1870 · 1949

BUSINESS TRUST
CORPORATION FILE

Bank of America

NATIONAL TRUST & SAVINGS ASSOCIATION



WEATHERS & COMPANY
1000 MARKET STREET, SAN FRANCISCO, CALIF. 94102

Annual Report 1960

*"Our fundamental principles are woven into our structure
great public servant—an institution run in the*



*and do not change. Our conception of a bank is that of a
interest and for the welfare of the people it serves."*

A. P. GIANNINI



Highlights of the Year's Operations

Compared with Previous Year

	1960	1959
Operating Earnings	\$ 535,594,999	\$ 500,145,268
Operating Expenses (including applicable taxes and assessments)	\$ 442,366,822	\$ 413,847,348
Net Operating Earnings	\$ 93,228,177	\$ 86,297,920
Per Share	\$ 3.64	\$ 3.37
Taxes and Assessments applicable to Operations	\$ 100,435,092	\$ 92,654,858
Per Share	\$ 3.92	\$ 3.62
Dividends Paid	\$ 49,920,000	\$ 48,640,000
AT YEAR-END:		
Loans	\$ 6,699,494,437	\$ 6,599,668,232
Deposits	\$10,805,891,450	\$10,624,958,182
Total Resources	\$11,941,981,259	\$11,669,404,346
Capital Funds and Reserve for Possible Loan Losses	\$ 791,264,208	\$ 751,294,928
Shares Outstanding	25,600,000	25,600,000
Number of Deposit Accounts	7,510,000*	7,398,585
Domestic and Overseas Branches	719	673

*Preliminary

Memorandum to Our Stockholders

1960 was another year of achievement for your bank. Despite some adjustments in the State and National economies, our resources, deposits, loans and earnings were again reported at record levels. On the opposite page are the year's financial highlights, which show:

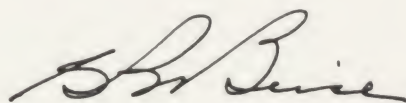
- Resources approached the twelve billion dollar mark.
- Deposits continued their upward trend.
- Loans outstanding totaled over six and a half billion dollars.
- Earnings again registered a new high.
- The annual dividend rate was increased.

This excellent performance was due in major part to the wisdom and devotion of your Board of Directors. Their advice and counsel to the active officers continue to be a vital factor in our success.

With their guidance throughout the year, we continued to decentralize decision-making and improve operations.

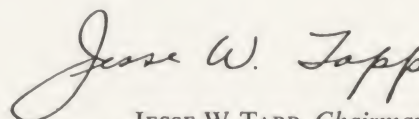
Electronic science has developed exciting—almost miraculous—equipment which can be used to provide new, faster and more economical banking services. Your bank was the first to develop and install such equipment on a large scale. In this way, we have built a centralized and co-ordinated technological base from which we can meet the challenges and avail ourselves of the opportunities of the future.

We shall continue to use technological innovations to provide greater opportunity for our employees, lower costs and improve customer service, thereby increasing your bank's earnings and enhancing its competitive position.



S. CLARK BEISE, President

march 16, 1954



JESSE W. TAPP, Chairman



Report to our Stockholders 1960

1960 IN REVIEW

The year 1960 presented a challenging and changing economic environment. It produced more jobs, more income and more goods and services than any previous year in history.

The vigorous up-swing of 1959 continued into the early months of 1960 and interest rates remained at high levels. State and local governments increased their rates of spending. There was a step-up of defense programs, and the pay raise granted Federal employees was quickly reflected in the economy. After mid-year, increased Federal outlays were particularly noticeable. However, rising government expenditures were not sufficient to offset declines elsewhere, and by mid-year it was obvious that the economy was passing through an orderly readjustment. The second half of the year witnessed a moderate decline, although business remained at a high level.

Consumers played a key role in the failure of the economy to sustain its upward push. Retail markets did not display the expected buoyancy. Business policies responded to the slackening pace of consumer sales with a reduction in the rate of inventory accumulation and with successive downward revisions in planned outlays for plant and equipment.

Early in the year, the Federal Reserve recognized the weakening in business activity. This recognition resulted in a change in monetary policy which provided banks with free reserves by mid-year. This, coupled with a decline in predicted credit demands and altered investor sentiment about the likelihood of inflation, contributed to a decline in interest rates during the second half of the year.

In California—the area of Bank of America's state-wide operations—the overall performance of the economy was better than the rest of the nation although reflection of national trends was evident.

Almost one thousand new residents entered the state every day. This influx, coupled with a natural population increase, swelled California's consumer market to a record level of 16,000,000 at year-end. The state's total employment increased by almost 3% and personal income rose by over 6%. However, unemployment also tended to rise and on a seasonally adjusted basis exceeded 6% of the labor force in the closing months of the year. Although this approximates the national unemployment average, it is a relatively good performance in view of continued in-migration and the close to 13% employment decline in the state's pace-setting aircraft industry.

The strong point of the California economy was agriculture. Cash receipts from marketing as well as net farm income reached new peaks. Although there was some easing in cattle prices, this was offset by expanding crop marketings, particularly in cotton.

The California construction industry enjoyed a good year. Non-residential construction, particularly public construction, showed strength throughout the year. This more than compensated for the decline in home building, which receded sharply from the record 1959 pace.

The defense industry complex has been an important element in the recent economic growth of the state. However, 1960 witnessed downward adjustments in this sector despite accelerated ordering in the second half of the year.

At year-end, there were hopeful signs for the lagging sections of the California economy. Increased defense



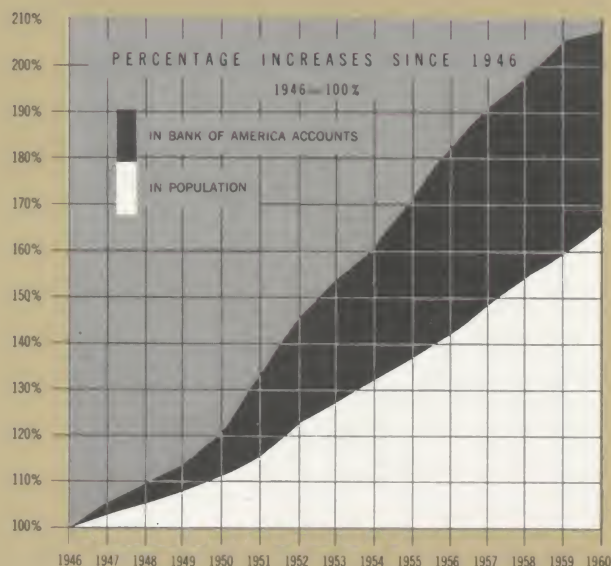
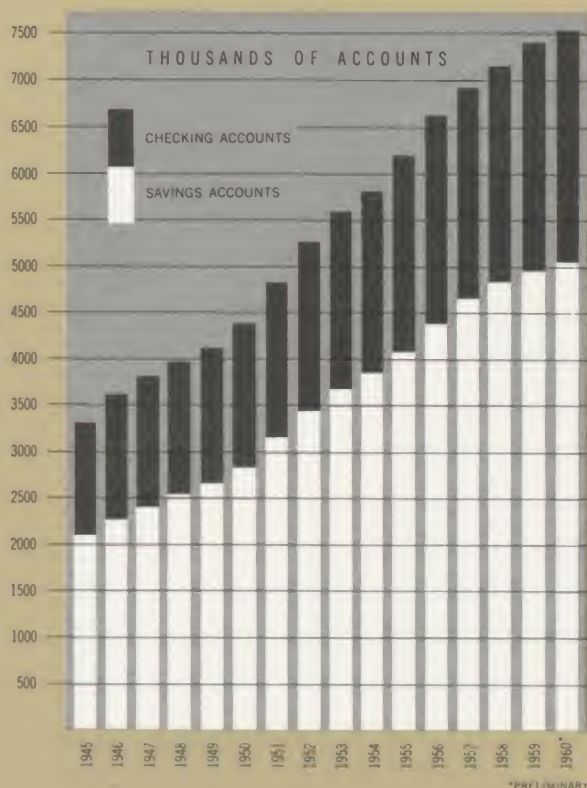
DURING 1960 OUR 700TH DOMESTIC BRANCH WAS OPENED.

*"We believe in branch banking. We will continue to execute every conception
which will bring our service to all people everywhere in California."*

Comparative Summary of Earnings

	1960	1959
Operating Earnings:		
Interest on loans	\$395,141,833	\$348,102,212
Interest and dividends on securities, after amortization of premiums	62,818,948	75,092,862
Commissions, fees and other income	<u>77,634,218</u>	<u>76,950,194</u>
	\$535,594,999	\$500,145,268
Operating Expenses:		
Interest paid	\$135,325,262	\$138,605,052
Salaries (including employees' bonus and participation in profit-sharing plan amounting to \$6,707,188 in 1960 and \$6,533,107 in 1959)	134,333,060	119,938,372
Provision for taxes and assessments applicable to operations	100,435,092	92,654,858
Other operating expenses	<u>72,273,408</u>	<u>62,649,066</u>
	442,366,822	413,847,348
Net Operating Earnings	\$ 93,228,177	\$ 86,297,920
Profit (or loss) on securities transactions, after Federal tax	<u>(3,123,871)</u>	<u>(3,308,760)</u>
	\$ 90,104,306	\$ 82,989,160
Transfers to reserves, after Federal tax reduction resulting therefrom	<u>9,219,000</u>	<u>9,219,000</u>
	\$ 80,885,306	\$ 73,770,160
Dividends Paid	<u>49,920,000</u>	<u>48,640,000</u>
Addition to Capital Funds	<u>\$ 30,965,306</u>	<u>\$ 25,130,160</u>

NUMBER OF DEPOSIT ACCOUNTS



spending seems almost certain to provide additional support for California's space-age industries and the easing of mortgage markets at the close of the year augurs well for renewed strength in residential construction.

The growing California consumer goods market, a healthy agriculture, and a high level of manufacturing — all promise continuation of the historic trend that has seen the California economy consistently outperform the nation as a whole.

DIVIDEND RATE INCREASED

Because of the upward trend of our bank's earnings in recent years and the substantial base we have built for the future, an increase in the dividend rate was appropriate. Accordingly, the Board of Directors authorized an increase in the annual dividend rate from \$1.80 to \$2.00 per share. This increase reflects our confidence in the future earning capacity of our bank. In addition, an extra cash dividend of 10 cents per share was declared.

EARNINGS CONTINUE UPWARD TREND

Although economic conditions were mixed during 1960, our earnings continued the upward trend recorded in recent years. Total operating earnings were \$535,594,999, or \$35,449,731 over last year.

The major portion of these earnings was derived from interest of \$395,141,833 on loans. Interest and dividends on securities, after amortization of premiums, aggregated \$62,818,948. Commissions, fees, and other income totaled \$77,634,218.

Operating expenses of \$442,366,822 included interest payments of \$135,325,262. Salaries and other operating expenses totaled \$206,606,468.

As in previous years, the impact of taxes and assessments applicable to operations was substantial and constituted a continuing major burden on our earnings. These taxes and assessments amounted to \$100,435,092, or \$3.92 on a per share basis.

Net operating earnings were \$93,228,177, an increase over last year's \$86,297,920. This amounted to \$3.64 per share as compared with \$3.37 last year.

In a continuing realignment of our investment portfolio, certain of our securities were allowed to mature and certain other securities were sold. We sustained a net loss on these transactions amounting to \$3,123,871. However, these sales enabled us to move funds out of relatively low-yielding securities into higher earning assets, which more than offset the loss sustained.

Transfer of \$17,500,000 to the Reserve for Possible Loan Losses resulted in an after-tax charge to earnings

of \$9,219,000. Dividend payments of \$49,920,000 to our stockholders left \$30,965,306 as the balance of profits. This sum was added to Capital Funds, increasing the total from \$632,666,983 to \$663,632,290. At year-end, Surplus was increased \$50,000,000 by transfer from Undivided Profits and stands at \$390,000,000. Capital Funds, combined with the Reserve for Possible Loan Losses of \$127,631,918, reached \$791,264,208 at year-end.

DEPOSIT GROWTH

Both dollar volume of deposits and number of depositors increased during 1960. The increase in dollar volume was more modest than in previous years, reflecting the actions of the Federal Reserve Board and the general economic environment of 1960, as well as the heavy pressure of rate competition.

At year-end, deposits amounted to \$10,805,891,450, an increase of \$180,933,268 over 1959.

Time deposits increased \$241,925,139 during the year, totaling \$5,539,206,656 at year-end. State, county, and municipal, other domestic and foreign time deposits—all contributed to this increase. However, these gains were partially offset by a savings deposit decline, due primarily to high interest rates offered by other forms of investment. Despite this competition, we were

gratified that the number of our savings accounts held firm and actually recorded an increase for the year.

Demand deposits, consisting primarily of the checking accounts of individuals and businesses, totaled \$5,266,684,794 at year-end, slightly under the \$5,327,676,665 of a year ago.

In terms of number of deposit accounts, there was a continuance of the steady pattern of growth which saw our number of accounts pass the seven and one half million mark.

We shall continue to direct every effort to attract new customers and better serve present depositors.

A BALANCED LOAN PORTFOLIO

Total loans and discounts at year-end were \$6,699,494,437 as compared with \$6,599,668,232 a year ago. Throughout 1960, we were able to continue our long-established policy of providing for the sound credit requirements of our present customers while actively soliciting new borrower-depositor relationships. During the first half of the year, the demand for loanable funds was extremely heavy in relation to the money supply, and our lending policy was adjusted accordingly. Following mid-year, this condition eased and, in August, we decreased our prime interest rate on commercial loans by one half of one percent.

BANK OF AMERICA SPECIALISTS OFFER ON-THE-SPOT SERVICE TO BUSINESS AND AGRICULTURE.



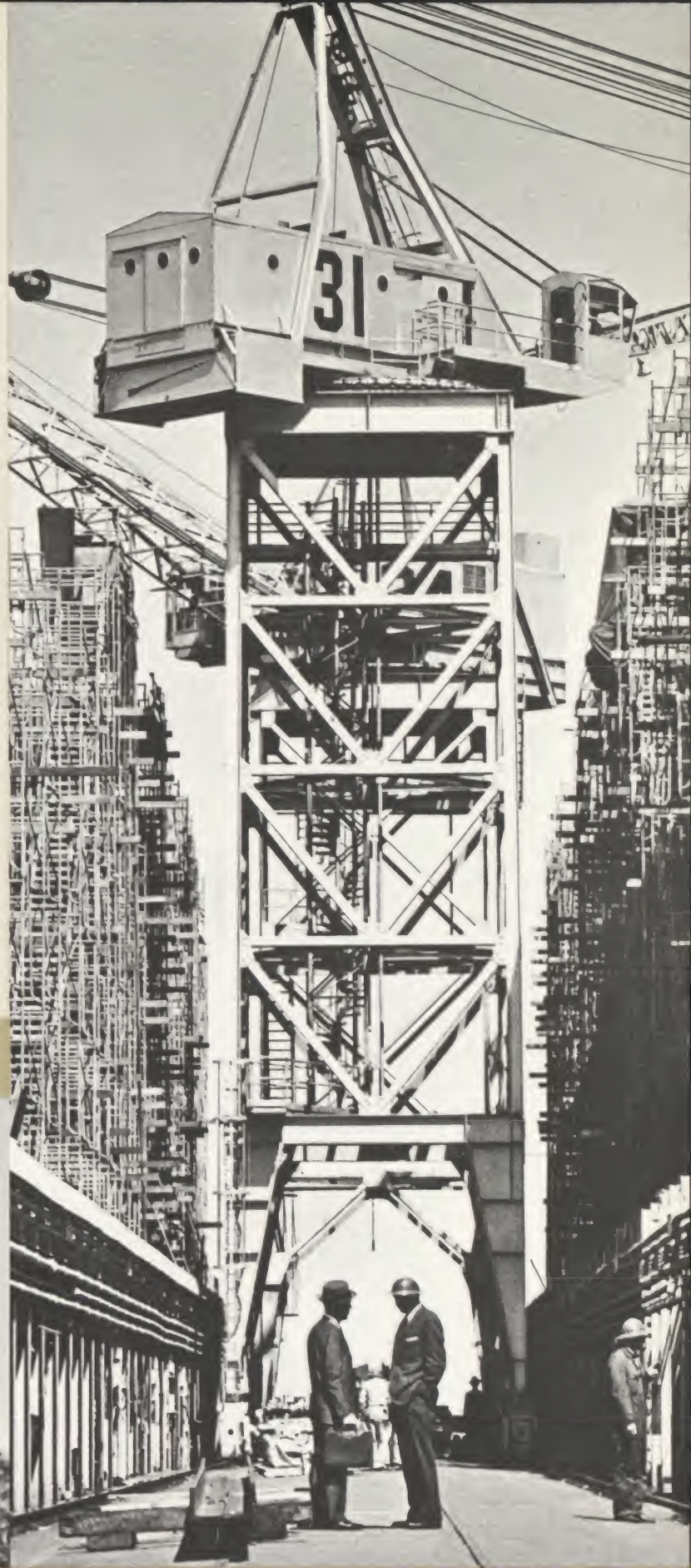
Commercial loans set a new record in dollar amount of loans made, more than \$7,500,000,000. On December 31, these loans stood at \$2,945,164,000, an increase of \$201,549,000 over the comparable 1959 year-end figure of \$2,743,615,000. In part, this increase reflects our active interest in furnishing loans to new and growing industries. Gains in these industries have been substantial, both in dollar totals and numbers of accounts serviced. Increasing our relationships with expanding businesses will add to the future strength of our commercial lending activities.

Demands for agricultural financing continued strong. Our combined outstandings of all agriculture loans reached an all-time high during 1960.

Commercial loans to business, industry and agriculture represent approximately 44% of the bank's total loan portfolio.

Instalment Credit loans at year's end reached a record total of \$1,399,170,000. During 1960, we made more than \$3,530,000,000 in such loans. Repayments totaled more than \$3,460,000,000.

Our activity in consumer financing and related fields is conducted under our nationally-known trademark—TIMEPLAN—and covers the entire spectrum of consumer lending. These TIMEPLAN loans are offered in three major classes: instalment loans made directly to the public; to finance instalment sales through dealers



"We will leave nothing undone in our efforts to serve and, by promoting worthy enterprises, we will promote the welfare of all the people."



SPECIAL WINDOWS SPEED MERCHANT TRANSACTIONS.

*"As we are able to serve, so in
direct ratio will we prosper."*

in consumer goods; and to finance the inventory requirements of TIMEPLAN dealers. Almost every type of instalment loan contributed to the increase in volume, with especially heavy activity in mobile home financing and home improvement loans.

Real Estate loans outstanding at year-end totaled \$2,355,160,000, of which 58% was insured or guaranteed by agencies of the United States Government.

Because of rate competition from all forms of investment, the nationwide shortage of mortgage funds, which developed in 1959, continued well into 1960. During 1959, unusually heavy pressure for real estate financing resulted in a major increase in our real estate loan totals. The continuing shortage of mortgage funds, combined with the slowdown in the California home construction

industry, made opportune a planned reduction in our real estate loan portfolio in 1960.

During the year, we granted real estate loans totaling \$245,000,000. Mortgage repayments for the year totaled \$418,000,000. The net real estate loan portfolio at December 31 was \$2,355,160,000, compared with \$2,528,255,000 a year ago.

Despite the reduction in our portfolio, we continued to be an important source of funds for the California building industry. We financed the construction of many thousands of dwelling units and other types of buildings. To supplement our direct activities in real estate lending, we helped many of our customers place their mortgages with out-of-state institutional investors.

Our new loans were made at the higher interest rate levels prevalent during 1960. Because of this, our real estate loan portfolio holds promise of increased yields in the years ahead.

INVESTMENT CHANGES

Early in 1960, monetary policy was restrictive. Interest rates remained relatively high, and there was a strong demand for loans. To satisfy the credit needs of our customers under these circumstances, it was necessary to continue into 1960 the reduction in our securities portfolio begun in 1959. Because prevailing high interest rates caused a decline in the value of fixed income obligations, this portfolio reduction resulted in a loss of \$3,123,871 after Federal taxes. This loss was offset by the greater yield realized from higher-earning assets.

During the closing months of the year, a reduction in the demand for loans, accompanied by a seasonal deposit increase, enabled us to add to our portfolio.

Our net security holdings at December 31 were \$2,702,508,087, compared with last year's \$2,725,392,943.

At year-end, United States Government and United States Government guaranteed securities totaled \$1,781,619,403. These securities included \$554,425,198 maturing within one year, and more than 92% of the total, or \$1,652,537,156, will mature within five years.

As of December 31, 1960, the average maturity was two years and six months, compared with three years and one month at the close of 1959.

State, county, and municipal securities at year-end totaled \$696,339,738, a reduction of \$7,703,980 for the year. This reduction was accomplished by liquidating certain short-term securities and by allowing certain other securities to mature without replacement.

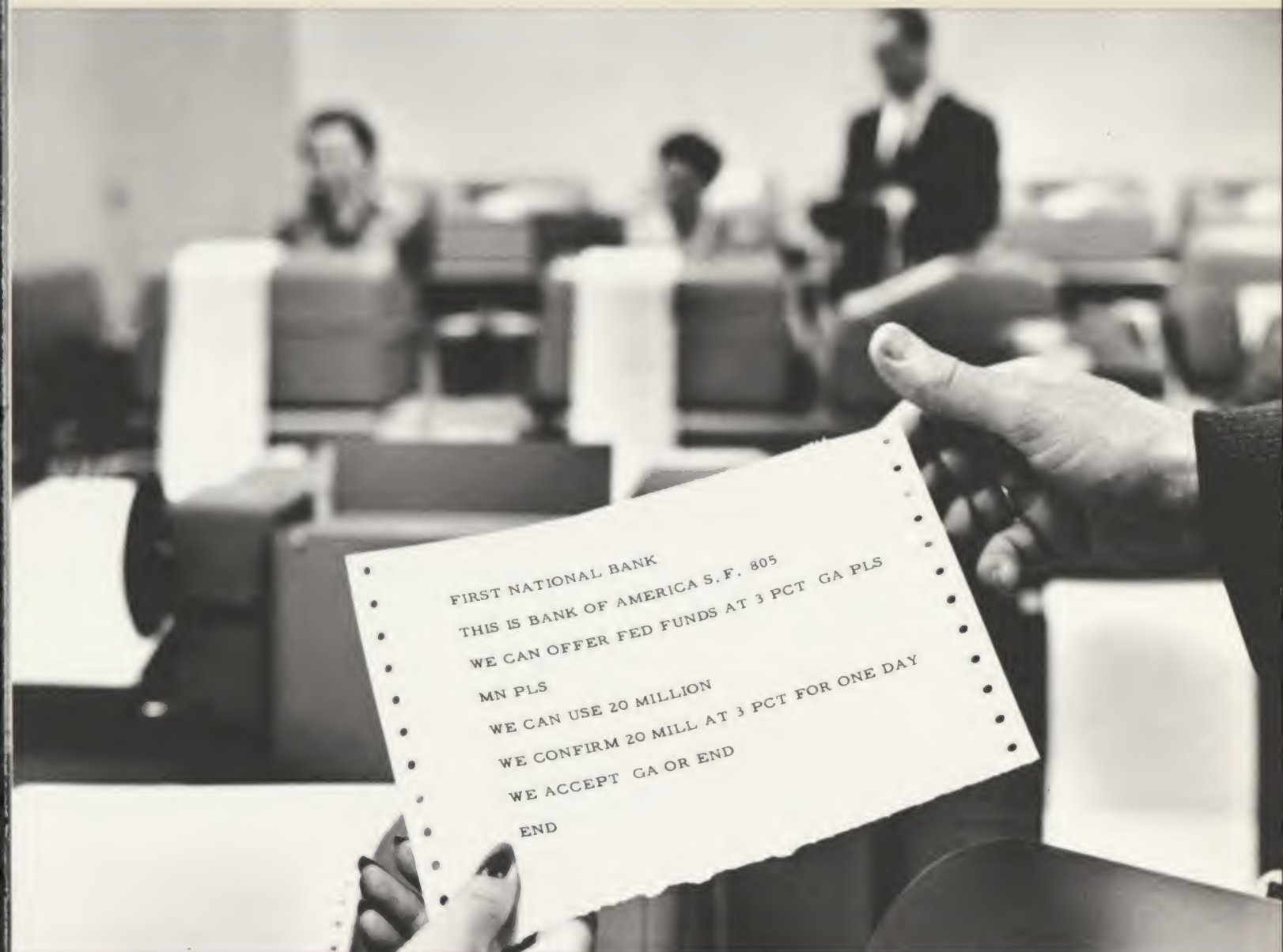
A proportion of the funds realized from securities redeemed was reinvested in one- to ten-year bonds of the State of California and its political subdivisions.

The average tax-exempt yield of 2.310% as of the end of 1960 compared favorably with the 2.202% at the end of 1959 and 2.097% at the end of 1958. The average life of these holdings was 74.1 months at the conclusion of the year compared with 72.2 months at the end of 1959.

Underwriting of municipal bonds continued to be an important activity of our bank. Bond financing by the State of California and its political subdivisions continued at a high level, and for the year totaled \$1,064,-

180,000, comprising 616 issues. Because of the dramatic growth of California, this represents almost 15% of the long-term municipal bonds sold in the United States. Our bank headed syndicates which were successful in purchasing 295 issues totaling \$695,360,000, or 65.2% of California's municipal bond financing.

In summary, at year-end the entire securities portfolio stood at \$2,702,508,087. Total interest and dividends, after amortization of premiums, amounted to \$62,818,948.



FIRST NATIONAL BANK
THIS IS BANK OF AMERICA S.F. 805
WE CAN OFFER FED FUNDS AT 3 PCT GA PLS
MN PLS
WE CAN USE 20 MILLION
WE CONFIRM 20 MILL AT 3 PCT FOR ONE DAY
WE ACCEPT GA OR END
END

BANK OF AMERICA RESOURCES CREATE A NATION-WIDE FUND MARKET FOR BANKS.

*"Aim to put yourself in a position to do something the other fellow
won't do—in this way we will enhance our capacity to serve."*

Statement of Condition

(Figures of Overseas Branches)

RESOURCES

Cash and due from banks.....	\$ 2,036,547,115.12
United States Government securities and securities guaranteed by the Government.....	\$1,781,619,403.47
Federal agency securities.....	97,791,846.25
State, county, and municipal securities.....	696,339,738.31
Other securities	110,257,099.76
Stock in Federal Reserve Bank.....	16,500,000.00
TOTAL SECURITIES	2,702,508,087.79
Loans guaranteed or insured by the United States Government or its agencies	1,406,902,008.51
Other loans to customers for use in their businesses, for building, buying, or modernizing their homes, for financing automobile or household equipment purchases, etc.....	5,292,592,428.89
Interest due on bonds and loans, and accounts receivable.....	86,312,537.38
Customers' liability for acceptances.....	209,874,329.56
Bank premises, furniture, fixtures, and safe deposit vaults, carried at cost less depreciation reserve of \$56,120,163.11	202,880,678.50
Other real estate owned. Unoccupied bank premises and real estate acquired in the settlement of debt, carried at less than cost or at appraised value.....	2,029,702.98
Other resources, deferred charges, etc.....	2,334,370.22
TOTAL RESOURCES	\$11,941,981,258.95

Member Federal Reserve System . . . Member



Bank of America
(INTL)
A wholly owned subsidiary
Condensed Statement of Condition
(Branch Figures as of December 31, 1968)

RESOURCES

Cash and due from banks.....	\$214,159,090.61
United States Government obligations, direct and fully guaranteed.....	17,125,527.33
Other securities	16,031,350.77
Loans and discounts.....	201,602,405.62
Accrued interest	1,689,120.71
Customers' liability for acceptances and endorsed bills.....	29,324,693.02
Bank premises, furniture, and fixtures..	3,395,045.45
Other resources	778,322.42
TOTAL RESOURCES	\$484,105,555.93

America

ND ASSOCIATION

on December 31, 1960

are as of December 24, 1960)

LIABILITIES

Capital. Representing the investment of over 200,000 stockholders of record	\$ 160,000,000.00	
Surplus. Paid in by stockholders or accumulated from earnings.....	390,000,000.00	
Undivided profits. Profits accumulated and reinvested in the business....	107,328,749.58	
Reserves. Set aside out of our accumulated profits by the Board of Directors, available as a reserve, in addition to Surplus and Undivided Profits, against normal contingencies.....	<u>6,303,540.11</u>	
TOTAL CAPITAL FUNDS		\$ 663,632,289.69
Reserve for possible loan losses. To apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans.....		127,631,918.49
Demand deposits. Funds placed with the bank by individuals, corporations, firms, banks, United States and other Governments, the State of California and political subdivisions thereof.....	\$5,266,684,794.47	
Savings and time deposits. Funds placed with the bank in savings accounts or for extended periods of time by individuals, corporations, firms, banks, United States and other Governments, the State of California and political subdivisions thereof.....	<u>5,539,206,655.95</u>	
TOTAL DEPOSITS		10,805,891,450.42
Liability on acceptances		211,918,853.87
Reserve for interest received in advance		84,065,492.54
Reserve for interest payable on time deposits and for taxes and other expenses		<u>48,841,253.94</u>
TOTAL LIABILITIES		<u>\$11,941,981,258.95</u>

er Federal Deposit Insurance Corporation

merica—New York

ERNATIONAL)

y-owned Subsidiary

of Condition December 31, 1960

re as of December 24, 1960)

LIABILITIES

Capital	\$34,000,000.00	
Surplus	6,800,000.00	
Undivided profits	<u>1,380,927.93</u>	
TOTAL CAPITAL FUNDS		\$ 42,180,927.93
Reserve for possible loan losses.....	3,608,755.11	
Deposits	403,688,891.32	
Foreign funds borrowed	908,543.79	
Liability on acceptances.....	26,024,630.15	
Liability on endorsed bills.....	4,350,649.37	
Reserve for interest received in advance.....	729,236.56	
Reserve for interest, taxes, etc.....	<u>2,613,921.70</u>	
TOTAL LIABILITIES		<u>\$484,105,555.93</u>

INTERNATIONAL ACTIVITIES EXPAND

1960 was a good year for most of the nations of the Free World, and this was reflected in our bank's progress in the international area.

International trade continued at a high level. However, surpluses of certain raw materials continued to hold down the export prices received by underdeveloped countries, whose terms of trade generally showed little improvement as the year progressed.

During the first half of the year, the United States made considerable progress toward closing the gap in its balance of payments as exports rose and imports leveled off. In the third quarter, however, despite a continuing high level of exports and a substantial trade surplus, the deficit in the balance of payments again widened as short-term funds moved abroad in response to relatively higher interest rates in foreign money markets. The United States deficit seemed destined to exceed \$3.5 billion as the year drew to a close. As a result of the continuing deficit, the reserves of foreign countries, primarily those of Western Europe and Japan, were further strengthened. These countries thus became increasingly capable of providing investment capital and long-term loans to the less developed countries. World liquidity was further improved by the enlargement of member drawing rights in the International Monetary Fund.

During the second half of 1960, there was an accelerated drain on United States gold reserves. Although our gold reserves amounted to \$17.7 billion at year-end, or more than two-fifths of the Free World's monetary gold reserves, the loss of \$5 billion since the end of 1957 is substantial. The causes of the gold outflow are many and complex; some are self-correcting but others require corrective action. This was officially recognized by our Government in the latter part of the year, when it took steps to limit its expenditures abroad and to persuade certain European countries to assume a larger share of aid and defense outlays.

In Western Europe, booming conditions continued during most of the year, although there were signs of a leveling off in the latter months.

In Japan, the business boom continued unabated. The less developed countries of the Far East continued their vigorous effort to accelerate their economic growth.

Notable in the Middle East was Iran's monetary stabilization program.

In Africa, the moves toward political independence produced varied results. For example, there was political and economic breakdown in the Congo and encouraging stability in Nigeria.





FROM BANGKOK TO BUENOS AIRES, BANK OF AMERICA PROVIDES ON-THE-SPOT SERVICE AROUND THE WORLD.

"Our bank must always be alert to serve our customers wherever service is needed.

The world is gradually realizing that service is the thing that pays in the long run."

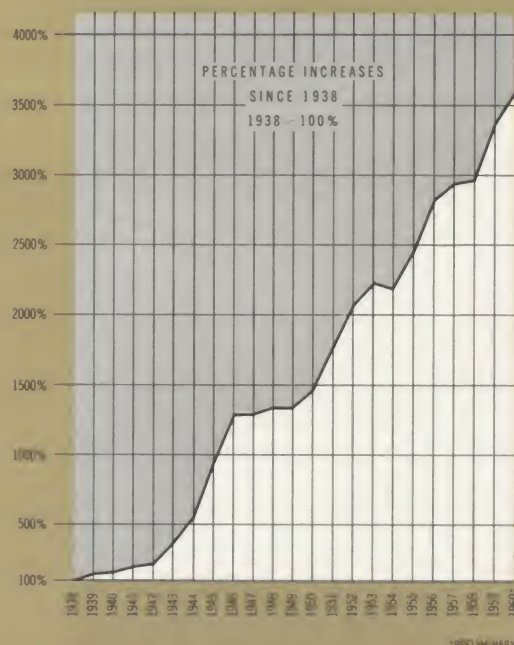
Conditions were mixed in Latin America, with generally favorable conditions in some countries and balance of payments and inflation problems in others. Seven Latin-American countries joined during the year to form a Latin American Free Trade Association. In Central America, El Salvador, Guatemala, and Honduras entered into an arrangement to accelerate a program of economic integration.

The year saw significant progress in all areas of our bank's international activities and a commensurate increase in earnings from our far-flung international operations. Throughout 1960, our international services showed substantial volume gains in letters of credit, foreign exchange transactions, collections and remittances. Our relationships with foreign banks, governmental agencies and international business firms continued to be excellent.

Bank of America Travelers Cheques again displayed an accelerating growth pattern. There was an over \$28,-000,000 increase in sales, an addition of 830 new selling outlets, and a continued increase in net profit. With well over 11,000 outlets here and abroad, market prospects for further expansion of this service are favorable.

The extensive overseas operations of Bank of America NT&SA are co-ordinated by our International Banking Administration, headquartered in San Francisco. In order to better serve our customers, we opened new

ANNUAL WORLDWIDE SALES OF BANK OF AMERICA TRAVELERS CHEQUES



BANCA d'AMERICA e d'ITALIA

Condensed Statement of Condition December 31, 1960

RESOURCES

Cash on hand and due from banks and correspondents	Lire 42,202,267,507
Cash and Government securities deposited with Banca d'Italia	37,500,581,848
Investment in government securities	9,075,333,974
Investment in other securities and participations	5,408,367,833
Bills discounted	32,922,911,331
Loans and advances	61,393,090,365
Bills held for collection	8,268,404,571
Customers' liability under acceptances, guarantees, documentary credits, etc.	27,594,269,944
Bank premises (Revalued in accordance with law)	2,021,652,073
Furniture and fixtures	1
Other assets	5,834,315,429
Assets of staff liquidation fund	4,057,664,781
TOTAL RESOURCES	Lire 236,278,859,657

LIABILITIES

Capital	Lire 1,300,000,000
Surplus	2,380,000,000
Undivided profits	955,345,863
Reserve arising from revaluation of bank premises	918,170,417
Deposits and other accounts	179,187,759,536
Acceptances, guarantees, documentary credits, etc.	27,594,269,944
Unearned discount	718,176,788
Bills received for collection	6,835,022,998
Other liabilities and provisions for future contingencies	11,574,627,162
Staff liquidation fund	4,057,664,781
Pension fund	757,822,168
TOTAL LIABILITIES	Lire 236,278,859,657

This is an unaudited balance sheet and, in accordance with Italian banking practices, is subject to the approval of the Board of Directors and Shareholders at the Annual Meeting in Milan in March of 1961.

branches in Naha, Okinawa; Lagos, Nigeria; and Buenos Aires, Argentina; and a military banking facility at Munsan, Korea.

An expansion of the West End Branch in London and relocation of the branch in Bangkok, Thailand, are well under way and will be completed early in 1961.

Bank of America (International), our wholly-owned subsidiary, carries on its international banking activities from its home office in New York City. This bank, which co-ordinates the activities of seven overseas branches, owns a controlling interest in Banca d'America e d'Italia, whose headquarters are in Milan, Italy. With 74 offices throughout Italy, Banca d'America e d'Italia continues to generate satisfactory earnings.

The net operating earnings of Bank of America (International) increased substantially to \$2,615,197, up 18% over the comparable 1959 figure of \$2,211,624. Net profits on its securities transactions amounted to \$58,637. Earnings set aside in special valuation reserves for an early write-down of assets carried as overseas investments totaled \$1,266,558. This included \$569,000 in dividends, net after taxes, received from Banca d'America e d'Italia. In addition, an after-tax charge against earnings of \$240,000 resulted from a transfer to the Reserve for Possible Loan Losses. In December, Bank of America (International) declared and paid a \$3 per share dividend of \$1,020,000 on its

340,000 shares; the balance of earnings and profits was added to Capital Funds.

WIDENING TRUST SERVICES

During 1960, our Trust Department again set a new all-time high in terms of trust fees received and volume of new business obtained.

Results of our trust business development programs in 1960 include a substantial increase in the reported value of wills filed naming Bank of America as executor or trustee; an increasing volume of new estates under administration, many continuing under our management as trusts under wills; a notable increase in the volume and value of trust accounts for living persons, including investment management agency accounts and custodianships of securities.

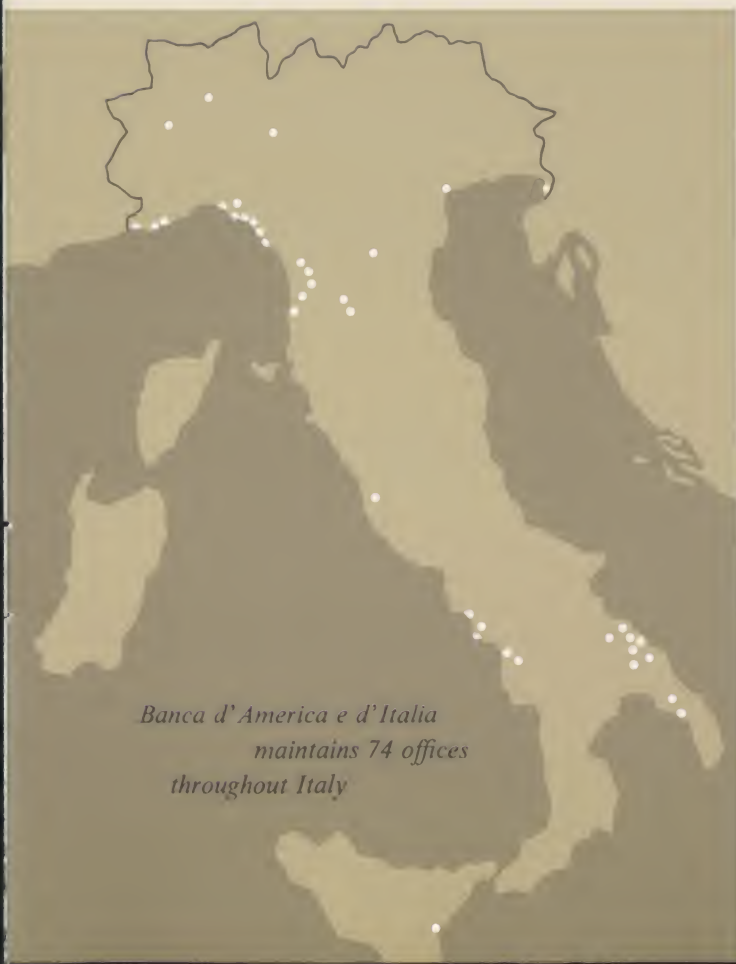
In the field of employee benefit trusts, a number of new pension, profit-sharing and thrift plans were established. During the year this service recorded growth both in number of new accounts established and in deposits to accounts previously established—deposits which total many millions annually.

The year saw our various investment funds reach new highs. Our Diversified Common Trust Fund, at the completion of its 13th year of operation, had over 2,700 trusts participating, with total assets in excess of \$75,000,000. Our Investment Fund for Employee Benefit Trusts reached a total asset value in excess of \$17,000,000 at year-end. The assets of this fund are divided into two sections: a fixed income division and an equity division. These divisions permit the investment objective of every type of trust to be met by varying percentages of participation in the two parts.

During the year, advances were made in the corporate service field. A large number of western corporations appointed us transfer agent, and many eastern corporations desiring convenient stock transfer facilities for their West Coast share owners established co-transfer relationships with the Bank of America. Our bank was designated fiscal agent, trustee, and paying agent under multimillion dollar bond issues by a large number of corporations and governmental bodies.

We announced a new Composite Trust in 1960. It provides for several investment functions under one living trust agreement and permits the creator of the trust to designate when and for how long each function is to be carried out.

At the end of 1960, we had 27 strategically-located trust offices staffed with experienced personnel. Our bank's various electronic data processing facilities further enhance our capability in the trust field.



*Banca d'America e d'Italia
maintains 74 offices
throughout Italy*

We believe that there will be a rapid expansion of trust business in the years ahead. Our Trust Department, already the most extensive in the West, is in a strong position to profit from this general growth.

TECHNOLOGICAL PROGRESS

A new age in banking has evolved. Electronic science and other methods of automation have created tools which can reduce costs and relieve employees of repetitious routine, while bringing faster and more efficient service to the public. Our bank has led the banking world in the development of this new equipment.

Erma Enlarges its Scope. In 1959, our electronic accounting program—ERMA—was brought into productive operation in San Jose and Los Angeles. These

two ERMA centers were processing 200,000 individual customers' accounts at the end of last year.

During 1960, seven additional ERMA installations were completed and brought into operation. ERMA is now posting close to two million checking accounts. Four additional centers are nearing completion and will begin operations early in 1961. Within the next few months, the ERMA system will be processing more than two-and-a-half million checking accounts.

Plans are complete to transfer Travelers Cheque processing and accounting to ERMA. When in full operation, this plan will enable its computers to receive and process over 1,500,000 Travelers Cheque applications and 18,000,000 Travelers Cheques annually.

The completion of our ERMA system of electronic accounting is a major milestone for our bank. The frui-

OUR HIGH-SPEED FACILITIES PROVIDE THE WEST'S FASTEST CHECK CLEARING SYSTEM.



OUR AUTOMATED STOCK TRANSFER DEPARTMENT SERVES THE NATION'S LEADING CORPORATIONS.



tion of our years of research and development in this area will improve both the efficiency of our operations and our competitive position in the years ahead.

Electronic Data Processing. In keeping with our policy of providing the most progressive facilities and building maximum efficiency into our operations, our Electronic Data Processing Centers in San Francisco and Los Angeles are being supplied with new equipment. These advanced data processing systems will be completed in the first months of 1961. The greater speed and capacity of this new equipment will enable us to process 1,250,000 Real Estate and Timeplan loans for 500 branches. Systematic Investment Accounts, Branch Clearings Reconciliation and Accounts Receivable have been made ready for immediate conversion to the new system.

BANK OF AMERICA IS THE INDUSTRY PIONEER AND LEADER IN ELECTRONIC ACCOUNTING.



Direct Inward Dialing. Bank of America achieved another first among California banks by placing a completely new Direct Inward Dialing telephone system in operation in the San Francisco area. Through this system, our bank's customers may reach any of our staff within the branches and departments in the San Francisco area without the necessity of routing through a switchboard. Direct Inward Dialing is representative of our continuing effort to develop maximum convenience for all of our customers.

RESEARCH CONTINUES

Our Customer Services Research Department is charged with the development of services for the convenience and benefit of all types of customers. Through this department, we endeavor to add to the total sources of income available to our bank.

This department has devised a customer payroll service designed to relieve business firms of payroll detail, and a coupon redemption service developed to assist merchants and manufacturers in the redemption of give-away coupons. In the first months of 1961, this section will inaugurate a utility billing service and a freight billing service.

We shall continue this and other research programs seeking to develop new and profitable areas of customer service, and to improve our systems and equipment through the application of modern techniques.

Through research, our bank will continue to be an industry leader in the creation of new services and the development of better facilities. In this way, we shall maintain our competitive position and generate additional earnings.

GROWTH OF BANKAMERICARD

One of the major results of our customer services research effort was the development of our statewide charge-account plan—BANKAMERICARD—which was placed in operation in 1959.

During 1960, an impressive number of major retailers and chain establishments installed the plan, and at year-end 30,000 merchant members displayed the BANKAMERICARD emblem.

Throughout the year, important advancements were made in BANKAMERICARD operations. A broad

"Our object now, and for the future, is to devise progressive methods in order to anticipate and meet the demands of a growing state and nation."



THE BANKAMERICARD PLAN GAINED WIDE ACCEPTANCE AMONG MAJOR RETAILERS IN 1960.

"We will strive to adjust to a changing world and devise new services along a variety of financial lines for millions of people who heretofore thought of banks only as depositories."

promotion and advertising program, designed to increase both the number of card holders and usage of cards, produced a major increase in activity, which reached a new peak during the year-end holiday season.

Through BANKAMERICARD, consumers are able to make better and more convenient use of credit because bills are consolidated into one monthly invoice; and merchants profit because capital formerly allocated to their own credit facilities is available for other purposes.

These advantages to both consumer and merchant promise expanded BANKAMERICARD usage in the year ahead. This greater volume will increase profitability, and BANKAMERICARD should become a significant source of earnings in the period ahead.

RECORD BRANCH GROWTH

For the greater convenience of our customers, 43 new branches were added during the year, bringing the number of our California branches over the 700 mark, to a

total of 707 at year-end. This is the most extensive domestic branch growth in recent history.

These new branches not only will generate additional earnings, but also will enhance our competitive position by bringing our facilities closer to a larger percentage of the California banking public.

Our 700th branch was opened October 12 in Bridgeport, the seat of Mono County. With its establishment we have branches in each of California's 58 counties.

During the past year, we relocated 24 existing branches in modern facilities at improved locations. Twenty-eight major expansion and modernization projects were completed and 19 new or enlarged customer parking areas were placed in operation. Ninety property sites were purchased or leased for new branches, expansion of existing branches and customer parking facilities.

Recognizing that the convenience of our facilities is a major factor in serving and attracting customers, we shall continue as rapid a branch expansion as is warranted by the needs of an increasing population.

A MAJOR CONSTRUCTION YEAR

1960 was a record construction year for our bank.

Highlighting the year was the opening of our new San Francisco building at One South Van Ness Avenue. This building, eight stories high, 13½ acres of floor area under one roof, provides the space and flexibility to centrally locate many electronic tools and co-ordinate their operation.

In Sacramento, we opened a new three-story Main Office with two-level motor banking and parking facilities, and at our Long Beach Main Office, a two-story annex was constructed.

In addition to new construction, major modernization efforts continued during the year featured by the complete renovation of an eight-story building to house our Pasadena Main Office. Through construction and modernization of major buildings, we are able to provide increased support to our branches as well as effect greater efficiency of operations with resultant economy.

PERSONNEL DEVELOPMENTS

Our bank has developed an enviable reputation as a fine place to work. People seek employment with Bank of America because our size and scope offer a unique blend of opportunity and security. Our branch system permits many of our employees to work close to their homes, and our promotion-from-within policy and training programs indicate interest in employee development.

These advantages help us attract and maintain the excellent staff which at year-end totaled 27,900. In order to meet the requirements of expansion, 1,300 employees were added during the year. Despite this increase, our staff's depth of experience remained remarkably stable with average length of service unchanged from previous years.

Throughout 1960, our long-established policy of advancement from within resulted in 3,500 promotions, of which 425 were new officer appointments.

Staff training and development programs continued to show gratifying results. Nine-hundred and twenty-five men and women participated in full-time, on-the-job training programs and, at year-end, 435 of these individuals had graduated into new assignments for which their training had fitted them. Over 5,300 employees attended courses at the American Institute of Banking, and 149 others participated in educational awards under the auspices of the Bank of America-Giannini Foundation.

As in previous years, branch-manager meetings were held throughout the state. Our senior administrative officers reported on the over-all accomplishments of the previous year and the objectives for the year then beginning and participated in round-table conferences at which managers discussed their problems. Face-to-face contact in meetings of this kind provides an excellent communication tool and we shall continue our emphasis on such conferences.

Over the years, our excellent staff has made a major contribution to our bank. We are proud of their continuing devotion and enthusiasm.

STOCKHOLDERS

There are well over 200,000 Bank of America stockholders living in every county in California, in every state in the Union, and in many U. S. possessions and foreign countries.

An increasing number of our shares are owned by fiduciaries and trusts, insurance companies and other institutions. Through these institutional investors, an increasing number of people have a beneficial interest in our affairs.

Unique in our shareholder composition is the fact that we count among our stockholders the entire population of the Italian mountain village of San Marco d'Urri. In 1959, Joseph and Victor Saturno, two Nevada ranchers, bestowed 25 shares of Bank of America stock upon each of the 284 villagers. The gift was in memory of the brothers' deceased parents, who had emigrated from Italy to the United States many years before.

PROSPECTS FOR THE FUTURE

As 1960 drew to a close, the national economy was passing through a phase of orderly readjustment at a relatively high level of business activity. Although this readjustment will extend into the first half of 1961, there is reason to believe its impact will steadily decline. The year, 1961, also should see a renewed advance in business activity which probably will move to new peaks by year-end. Personal income is likely to remain at high levels, and increased spending for services and non-durable goods is expected to more than offset possible declines in sales of durable goods. Expanding retail markets and consumer confidence should contribute significantly to the forces of recovery. Business inventory adjustments should be substantially completed during the first half of the year. And finally, governmental expenditures probably will rise, providing added impetus to the economy.

During the year, our California economy will necessarily reflect these national trends. Total California income is expected to exceed 1960's record level, although the current employment pattern in the defense segment of the state's economy may continue to present some unemployment problems.

With this outlook for renewed economic progress, accompanied by Bank of America's notable technological advances, extensive branch operations and strong competitive position, our bank should attain new records of growth and progress. We approach 1961 with confidence.



1960 WAS A RECORD NEW CONSTRUCTION YEAR HIGHLIGHTED BY OUR NEW SAN FRANCISCO BUILDING ABOVE.

*"California is growing and will continue to grow. It is our job
to build and grow with our state to ever-greater tomorrows."*



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and
Advisory
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*Producers Cotton Oil Co.
Fresno, California*

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*Executive Vice-President
Bank of America N. T. & S. A.*

S. Clark Beise
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Bank of America N. T. & S. A.*

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*Miller & Lux Incorporated
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Los Angeles, California

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*Arden Farms Company
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Keath L. Carver*
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*Georgia-Pacific Corporation
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*Sears, Roebuck & Co.
Los Angeles, California*

F. M. Dana*
*Executive Vice-President
Bank of America N. T. & S. A.*

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*Di Giorgio Fruit Corp.
San Francisco, California*

R. P. A. Everard*
Kentfield, California

F. A. Ferroggiaro
Oakland, California

Forrest Frick*
*Rancher
Bakersfield, California*

Alfred J. Gock
*Consolidated Freightways, Inc.
Menlo Park, California*

John S. Griffith
*John S. Griffith—Properties
Buena Park, California*

Walter A. Haas, Jr.
*Levi Strauss & Co.
San Francisco, California*

Marshal Hale, Jr.
*Hale Bros. Realty Co.
San Francisco, California*

Prentis C. Hale
*Broadway-Hale Stores, Inc.
San Francisco, California*

Mrs. Claire Giannini Hoffman
San Mateo, California

Robert E. Hunter*
*Property Management
Santa Barbara, California*

Eric A. Johnston
*Motion Picture Association of America, Inc.
Washington, D. C.*

Edgar F. Kaiser
*Kaiser Industries Corp.
Oakland, California*

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Bank of America N. T. & S. A.*

Harry A. Mazzera
*Mazzera, Snyder & De Martini
Stockton, California*

Lloyd Mazzera*
*Executive Vice-President
Bank of America N. T. & S. A.*

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*McEnerney & Jacobs
San Francisco, California*

Wm. Wallace Mein
*Director—Flintkote Company
San Francisco, California*

Frank C. Mitchell*
San Jose, California

Charles M. Paganini*
*Security Lithograph Co.
San Francisco, California*

Neil Petree
*Barker Bros. Corporation
Los Angeles, California*

Louis A. Petri
*United Vintners Inc.
San Francisco, California*

Roland Pierotti*
*Assistant to the President
Bank of America N. T. & S. A.*

Charles H. Quinn*
*Director, Electrical Products Corp.
Los Angeles, California*

Frank F. Risso*
San Mateo, California

J. H. Rosenberg*
*Lehman Brothers (New York City)
Los Angeles, California*

A. E. Sbarboro
San Francisco, California

Russell G. Smith*
Ross, California

Samuel B. Stewart*
*Executive Vice-President
Bank of America N. T. & S. A.*

Jesse W. Tapp
*Chairman of the Board
Bank of America N. T. & S. A.*

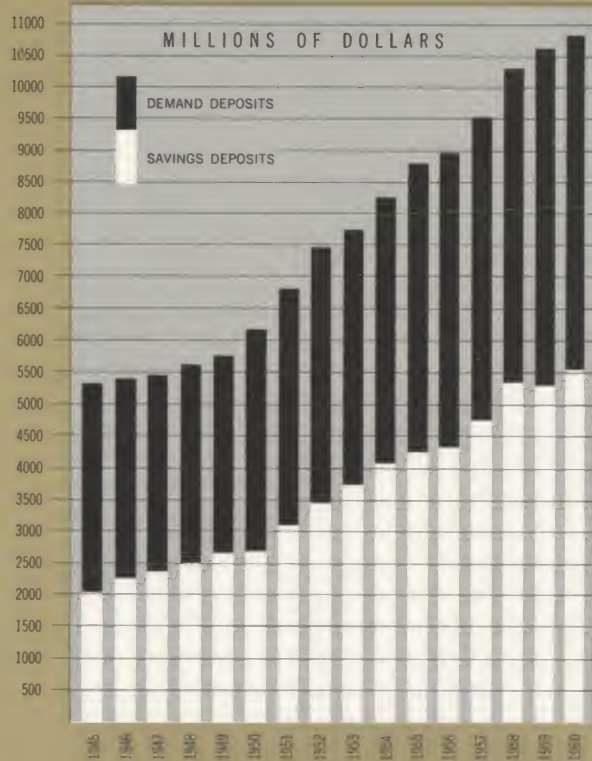
Roland Tognazzini
*Union Sugar Company
San Francisco, California*

Grover D. Turnbow
*Foremost Dairies, Inc.
San Francisco, California*

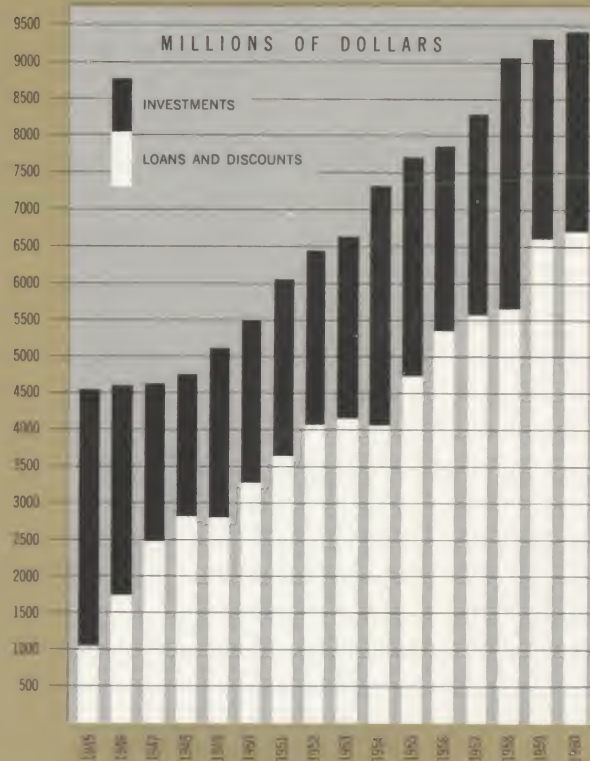
Carl F. Wente
San Francisco, California

*Advisory Council Member

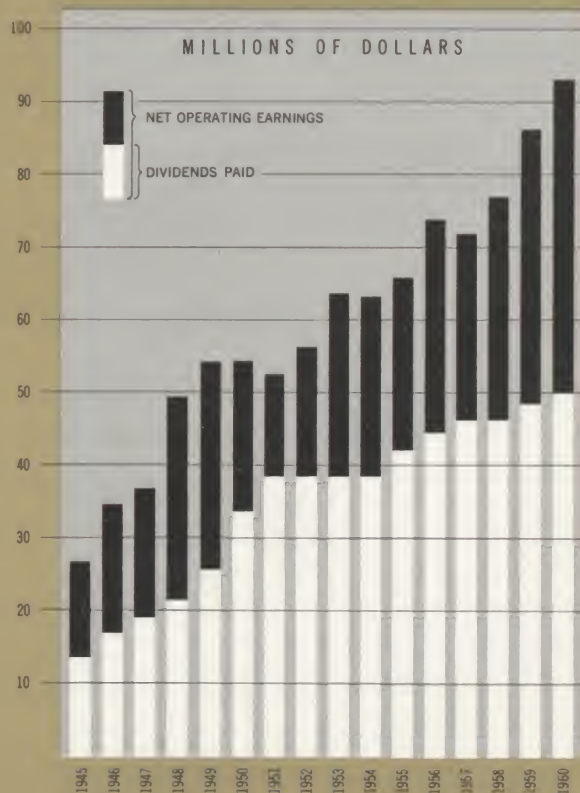
DEPOSITS



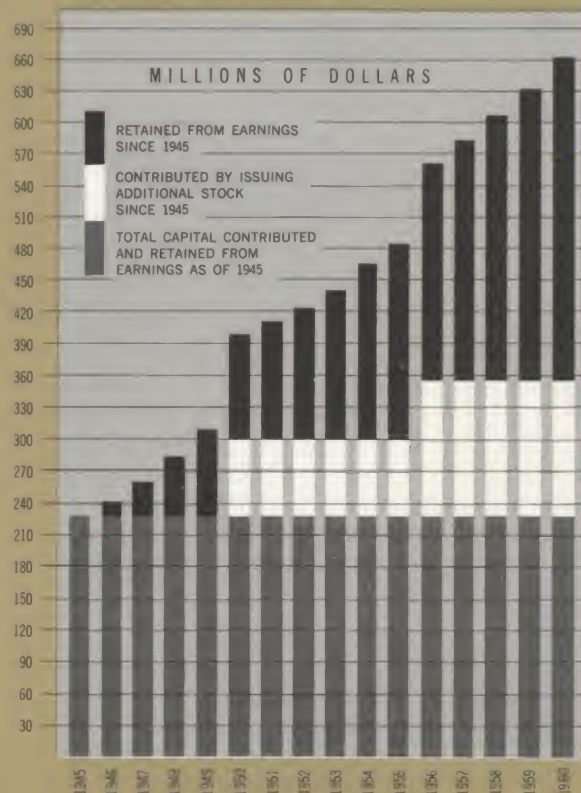
LOANS AND INVESTMENTS



NET OPERATING EARNINGS



CAPITAL GROWTH



Dec. 31	Total Deposits	Capital	Surplus and Undivided Profits	Loans and Discounts	Investments in Securities	Total Resources	Number of Deposit Accounts	Number of Branches in California
1904	\$ 134,413	\$ 150,000	\$ 1,024	\$ 178,400	\$ 34,446	\$ 285,437	①	1
1905	703,024	300,000	10,000	883,522	24,505	1,021,291	①	1
1906	1,348,723	500,000	31,565	1,471,123	81,571	1,899,947	①	1
1907	1,660,324	500,000	46,945	1,678,222	57,884	2,221,347	①	2
1908	1,728,899	750,000	78,673	1,669,567	57,884	2,574,005	①	2
1909	2,929,495	750,000	90,820	2,445,137	266,628	3,817,218	①	3
1910	5,348,151	1,000,000	150,000	4,159,459	858,547	6,539,861	①	3
1911	7,129,456	1,000,000	201,649	4,885,974	1,638,000	8,379,347	①	3
1912	9,916,018	1,000,000	251,437	7,092,823	1,846,769	11,228,815	①	4
1913	14,226,242	1,250,000	330,390	10,282,785	2,406,706	15,882,912	42,378	7
1914	16,272,563	1,250,000	350,217	11,457,790	2,677,718	18,030,402	50,253	7
1915	20,474,873	1,250,000	374,244	12,970,068	5,084,363	22,321,861	58,854	7
1916	36,804,776	2,000,000	691,452	23,682,894	7,527,408	39,805,995	90,683	12
1917	72,044,729	3,000,000	1,100,000	47,004,189	13,308,177	77,473,153	141,298	19
1918	85,937,839	5,000,000	2,000,000	59,869,035	14,538,649	93,546,162	161,626	24
1919	127,258,626	6,000,000	2,500,000	74,737,335	33,855,881	137,900,700	189,511	24
1920	140,993,545	9,000,000	3,913,240	95,127,616	37,199,447	157,464,685	221,788	24
1921	177,867,611	10,000,000	5,036,948	116,911,735	43,499,682	194,179,450	291,994	41
1922	229,751,526	15,000,000	7,529,844	152,989,286	59,090,529	254,282,290	401,798	61
1923	276,548,879	15,000,000	8,616,832	200,505,931	56,543,859	301,963,478	485,136	75
1924	328,963,919	17,500,000	10,561,578	204,472,438	96,489,255	358,656,302	548,265	87
1925	389,433,241	17,500,000	13,474,173	228,793,066	121,678,890	422,838,587	595,032	98
1926	416,656,511	20,000,000	16,928,035	255,557,233	129,630,279	460,981,773	616,313	98
1927	645,002,138	37,500,000	25,540,829	403,864,139	238,856,707	765,188,977	1,083,303	289
1928	698,435,841	50,000,000	55,756,632	410,276,641	272,884,061	847,910,539	1,139,076	290
1929	893,892,733	50,000,000	58,251,159	541,617,718	246,538,740	1,055,113,373	1,444,090	292
1930	998,039,477	50,000,000	54,136,374	669,258,341	249,139,543	1,161,895,889	1,625,381	353
1931	749,796,772	50,000,000	54,290,312	548,431,954	237,965,856	925,150,152	1,542,783	346
1932	700,447,811	50,000,000	49,890,774	480,675,374	262,952,550	876,309,347	1,380,550	345
1933	767,817,646	50,000,000	49,591,605	458,693,566	311,084,996	941,001,838	1,357,224	345
1934	978,332,802	50,000,000	47,164,341	461,645,975	477,989,657	1,142,323,319	1,547,604	413
1935	1,155,265,465	50,000,000	50,867,307	451,009,354	622,694,559	1,277,419,381	1,677,558	421
1936	1,298,976,759	50,000,000	55,024,112	532,076,966	625,809,982	1,430,337,201	1,911,035	466
1937	1,357,378,756	50,000,000	59,104,964	630,668,811	553,131,379	1,493,373,095	2,123,057	491
1938	1,437,027,491	50,000,000	64,058,600	673,828,309	557,632,428	1,574,721,670	2,182,298	494
1939	1,482,791,676	50,000,000	66,845,842	711,054,697	604,268,671	1,628,586,278	2,268,843	495
1940	1,632,228,397	62,000,000	82,278,753	778,295,101	668,676,296	1,817,535,186	2,384,551	495
1941	1,908,383,921	60,800,000	83,634,808	914,569,553	693,113,910	2,095,635,619	2,538,783	495
1942	2,586,140,699	59,215,920	83,151,214	840,469,960	1,265,749,444	2,771,689,632	2,512,805	487
1943	3,498,153,210	58,102,920	87,051,168	810,660,642	2,095,432,722	3,697,912,675	2,743,231	488
1944	4,350,539,688	68,085,560	140,779,201	894,436,931	2,740,064,364	4,609,124,133	3,054,803	491
1945	5,339,307,098	108,085,560	117,155,495	1,018,741,456	3,533,172,278	5,626,063,927	3,316,494	493
1946	5,415,849,715	106,646,375	130,235,547	1,722,743,513	2,882,151,377	5,765,525,193	3,619,925	500
1947	5,467,199,162	106,646,375	150,525,936	2,492,979,739	2,170,721,906	5,845,817,669	3,815,802	508
1948	5,639,523,419	106,646,375	172,872,255	2,807,070,398	1,945,231,719	6,072,913,872	3,978,403	517
1949	5,775,110,029	127,975,650	177,868,961	2,804,522,646	2,322,505,622	6,250,402,352	4,120,523	525
1950	6,191,705,871	150,000,000	244,822,146	3,256,953,558	2,243,415,017	6,863,358,214	4,374,838	526
1951	6,815,866,795	150,000,000	257,218,390	3,632,685,350	2,439,510,645	7,531,296,927	4,832,147	529
1952	7,485,116,184	150,000,000	269,076,801	4,069,150,471	2,413,852,775	8,201,689,369	5,276,315	538
1953	7,744,200,096	150,000,000	286,267,820	4,148,713,734	2,531,605,621	8,501,761,722	5,581,697	543
1954	8,270,534,751	150,000,000	311,140,888	4,043,312,145	3,271,392,367	9,163,355,289	5,818,851	548
1955	8,802,506,128	150,000,000	330,080,550	4,727,961,473	2,984,567,789	9,669,145,972	6,191,571	574
1956	8,993,240,999	160,000,000	397,028,049	5,353,035,991	2,518,301,682	9,991,842,012	6,618,719	603
1957	9,524,116,723	160,000,000	416,970,724	5,554,784,021	2,742,530,348	10,639,149,591	6,916,240	617
1958	10,307,560,993	160,000,000	441,453,351	5,661,888,351	3,417,539,858	11,290,852,752	7,138,313	638
1959	10,624,958,182	160,000,000	466,395,447	6,599,668,232	2,725,392,943	11,669,404,346	7,398,585	664
1960	10,805,891,450	160,000,000	497,328,750	6,699,494,437	2,702,508,088	11,941,981,259	7,510,000②	707

① Not available.

② Preliminary.

